

# IBM PENSIONS TRUST

## IBM Pension Plan (DB section)

Environmental, Social and Governance (ESG) – Highlights  
Year Ended 31 December 2022

### Why take action?

The potential improvement in funding level over the next 10 years could be reduced by 4% if 'no action' was taken.

▼ 4%

What is meant by 'no action'? This assumes little climate action is taken in the short term, followed by sudden unanticipated tightening as countries rush to get on track to limit temperature rise to below 2°C.



### Trustee Target



The Trustee is aiming to reduce portfolio carbon intensity by 20% over the 3 years from 31 December 2021. Carbon intensity measures the portfolio's exposure to carbon-intensive companies based on their weightings in the portfolio. Further details on the target are set out in the Plan's Climate Change-related Disclosures report.

### Progress against Target

A summary of the progress against the Trustee's carbon intensity target over the year is set out below:

Mandate(s)	% of portfolio	Change in carbon intensity
Global Bonds / Global Credit / Long-term UK Core Credit	35.8%	1.1%
Property	3.2%	1.8%
Liability Driven Investments (LDI)	49.1%	-17.8%
Buy-in Policy	-	-6.6%

The reduction in carbon intensity for the LDI portfolio is measured using a slightly different methodology. The change in carbon intensity therefore cannot be compared on a like-for-like basis with the other mandates shown.

The Trustee is engaging with the investment managers on the carbon exposures for the mandates where there has been an increase in carbon intensity over the reporting year.

### Key Actions in 2022



Four metrics have been chosen to monitor the progress against climate change risk – including the reporting of a new 'Portfolio Alignment' metric in line with the current regulatory requirements.



Significant progress has been made to report on carbon metrics as far as possible – the Trustee now reports on 91% of the total DB Section assets (35% in 2021), based on the strategic asset allocation, excluding the buy-in policy.



Other indirect emissions

Scope 3 emissions have been reported for the first time where the data is available from the investment managers.

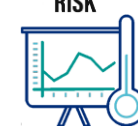
RITE Score  
**B+**

For more information, the Plan's Climate Change-related Disclosures report is available at <https://www.smartpensionsuk.co.uk/#/page/governance-documentation>. Click <https://www.uk.mercer.com/our-thinking/wealth/responsible-investing-for-uk-pension-schemes> for more details on Mercer's Responsible Investment Total Evaluation and ESG Integration Score

### Actions for 2023



**Stewardship:** Engaging with investment managers on carbon intensive holdings, voting and engagement activity to work towards the Trustee's climate goals and alignment with the Trustee's beliefs.



**Risks:** Annual review of ESG beliefs, risk register and Plan governing documentation.

**Climate Analysis:** Climate change risks and opportunities considered as part of the DB triennial investment strategy review.



**Training:** Ongoing training and review of skills to ensure the Trustee is well equipped with sufficient knowledge of developments around climate change risk and regulatory changes.



Other indirect emissions

**Data:** The Trustee expects the availability and quality of data to increase over time and are working with its investment managers to further report on Scope 3 emissions next year.

### Greenhouse Gas Emissions

The Plan is invested in companies that generate greenhouse gas emissions:

**313,064 tons CO<sub>2</sub>e**

The Trustee is looking to reduce this figure.

Total emissions quoted is scope 1 & 2 emissions and covers approximately 91% of total Plan DB Section assets where carbon emissions data is available (excluding buy-in policy) as at 31 December 2022.

### Emissions in the real world

Over the year there has been a reduction in total carbon emissions for the Plan's total DB assets (where data is available) of approximately 166,000 tons CO<sub>2</sub>e, under scope 1 & 2 emissions.

This is broadly equivalent to removing from the road:

**66,000**

Based on average car mileage of 9,000 per year and 280g CO<sub>2</sub> per mile for a medium sized car.

Source: <https://www.carbonindependent.org/17.html>

Hover over highlighted items to see more information